

Message Text

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14-11

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AGR-05

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 SAM-01 /091 W

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R 241440Z APR 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 8932

INFO AMCONSUL ADANA

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SUBJ: DEMIREL GOVERNMENT BEGINS IMPLEMENTATION OF PROGRAM

REF: (A) ANKARA 2762 (B) ANKARA AGATT MSG TOFAS 21
OF APRIL 22, 1975 (NOTAL)

1. SINCE RECEIVING ITS INITIAL VOTE OF CONFIDENCE APRIL 12, THE
DEMIREL GOVERNMENT HAS MOVED FAIRLY PROMPTLY TO BEGIN IMPLEMENTING
ITS PROGRAM (REF A), WITH THE ANNOUNCEMENT OF A REDUCTION IN
FERTILIZER PRICES, ADOPTION OF OTHER MEASURES IN THE ECONOMIC/SOCIAL
WELFARE FIELD, AND THE REPLACEMENT OF TWELVE SENIOR CIVIL
SERVANTS. FOLLOWING ARE THE MAJOR ACTIONS ALREADY TAKEN:

A. ON APRIL 19 PRIMIN SULEYMAN DEMIREL ANNOUNCED A REDUCTION
IN FERTILIZER PRICES (EFFECTIVE APRIL 1) AVERAGING 33 PERCENT
(REF B). THE NEW PRICES COULD RESULT IN AN ADDITIONAL ANNUAL COST
TO THE TURKISH GOVERNMENT OF TL FIVE BILLION RPT BILLION
(\$1.00 EQUAL TL 14) IN SUBSIDIES, ACCORDING TO DEMIREL'S
ANNOUNCEMENT. FURTHERMORE, THE GOVERNMENT HAS EASED THE CREDIT

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REQUIREMENTS FOR FERTILIZER PURCHASES AND

REDUCED THE DOWNPAYMENT REQUIRED FROM SMALL FARMERS AND CEREAL PRODUCERS.

B. THE COUNCIL OF MINISTERS DECIDED APRIL 22 TO REDUCE THE INTEREST RATE (FROM 10.5 TO 5 PERCENT) ON LOANS PROVIDED BY THE REAL ESTATE CREDIT BANK FOR THE CONSTRUCTION OF HOUSING IN CERTAIN DESIGNATED AREAS TO HELP EASE THE HOUSING PROBLEM AND PREVENT THE SPREAD OF GECEKONDU (SQUATTER) HUTS.

C. THE GOVERNMENT INCREASED FROM TL 165 MILLION TO TL 410 MILLION THE FUNDS AVAILABLE FOR LOANS BY THE HALK (PEOPLE'S) BANK TO ARTISANS AND CRAFTSMEN AND ELIMINATED THE STAMP DUTIES ON ALL LOANS BY THAT BANK.

2. FOLLOWING THE APRIL 22 COUNCIL OF MINISTERS MEETING, PRIMIN DEMIREL ALSO ANNOUNCED THE FOLLOWING STEPS WHICH THE GOVERNMENT WOULD TAKE SHORTLY:

A. FREE MEDICAL TREATMENT IN STATE HOSPITALS WOULD BE PROVIDED FOR THE POOR.

B. A BILL ESTABLISHING A GENERAL HEALTH INSURANCE PROGRAM WOULD BE INTRODUCED IN THE PARLIAMENT NEXT WEEK.

C. THE TL 659 MILLION OWED BY THE GOVERNMENT TO SUGAR BEET PRODUCERS WOULD BE PAID SOON.

D. STEPS WILL BE TAKEN TO RELEASE AS SOON AS POSSIBLE TRACTORS AND MACHINERY NOW IN TURKISH CUSTOMS CONTROL SO THEY CAN BE PUT INTO SERVICE.

3. FURTHERMORE, MINISTER OF COMMUNICATIONS NAHIT MENTESE WAS QUOTED BY THE APRIL 22 PRESS AS SAYING THAT SUBURBAN TRAIN FARES WOULD BE REDUCED TO LOWER THE COST OF TRANSPORTATION FOR WORKERS LIVING IN OUTLYING DISTRICTS AND SQUATTER AREAS. THE MASS-CIRCULATION DAILY GUNAYDIN REPORTED APRIL 21 THAT SURPLUS COTTON STOCKS IN THE HANDS OF AGRICULTURAL COOPERATIVES WOULD BE SOLD TO LOCAL TEXTILE FACTORIES (AS OPPOSED TO BEING EXPORTED) AT THE WORLD MARKET PRICE (ABOUT TL SIX PER KILO BELOW THE OFFICIAL TURKISH PRICE) WITH THE GOVERNMENT SUBSIDIZING THE DIFFERENCE (IN TOTAL ABOUT LIMITED OFFICIAL USE

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TL NINE BILLION RPT BILLION). THIS MEASURE IS INTENDED TO PRESERVE THE EXPORT MARKET FOR TURKISH COTTON TEXTILES.

4. ALSO FOLLOWING THE APRIL 12 VOTE OF CONFIDENCE TWELVE SENIOR GOVERNMENT OFFICIALS HAVE BEEN CHANGED (FOUR VOLUNTARILY RESIGNED AND EIGHT WERE REMOVED FROM DUTY). THE RESIGNATIONS INCLUDED THREE UNDERSECRETARIES (PRIMIN'S OFFICE, AGRICULTURE AND FORESTRY) PLUS AN ASSISTANT UNDERSECRETARY IN THE FORESTRY

MINISTRY. THOSE RELIEVED OF DUTY INCLUDED TWO MORE UNDER-SECRETARIES (ENERGY AND VILLAGE AFFAIRS), THE DIRECTOR GENERAL OF FORESTRY AND TWO OF HIS DEPUTIES, THE DIRECTOR GENERAL OF THE STATE HYDRAULIC WORKS AND THE HEADS OF THE DEPARTMENTS OF ADMINISTRATION AND PLANNING IN THE ENERGY MINISTRY. ALSO, THE CONTROVERSIAL APPOINTMENT (BY THE ECEVIT GOVERNMENT) OF ISMAIL CEM IPEKCI AS DIRGEN OF TURKISH RADIO AND TELEVISION(TRT) IS EXPECTED TO BE DISCUSSED IN THE NATIONAL ASSEMBLY APRIL 29.

5. COMMENT: REDUCING FERTILIZER PRICES WAS A PROMISE EMBODIED IN THE NATIONALIST FRONT'S COALITION PROTOCOL AND REITERATED IN THE GOVERNMENT PROGRAM. THIS AND OTHER MEASURES IN THE CONOMIC/SOCIAL WELFARE FIELD SUGGEST A STRONG EFFORT BY THE NEW GOVERNMENT TO MAKE A BROAD POLITICAL IMPACT VIA RAPID ACTION ON BREAD-AND-BUTTER ISSUES AFFECTING THE AGRICULTURAL SECTOR (55 PERCENT OF THE POPULATION) AND LOWER INCOME GROUPS GNEERALLY. OPPOSITION PARTY SPOKESMEN HAVE ALREADY VOICED CRITICISM OF SUCH MEASURES ON THE GROUNDS THAT THEY WOULD REQUIRE SUBSTANTIAL SUBSIDIES FROM THE GOVERNMENT AND COULD RESULT IN MASSIVE BUDGET DEFICITS. HOWEVER, THE GOVERNMENT SO FAR HAS RELIED ON DECREES AND ADMINISTRATIVE DECISIONS TO GET ITS PROGRAM UNDER WAY, THUS SIDESTEPPING MOST PARLIAMENTARY CRITICISM. SEVERAL SOURCES HAVE TOLD US THEY BELIEVE THAT DEMIREL WILL TRY TO ENACT MORE SUCH VOTE-WINNING MEASURES, THEREBY BUILDING UP HIS POLITICAL CAPITAL, PERHAPS WITH A VIEW TOWARD HOLDING ELECTIONS AT SOME TIME BEOFORE THE LONGER-RUN COSTS OF THE MEASURES BECOME APPARENT.

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